

**Kent Education Partnership (Holdings) Limited**  
**Financial Statements**  
**31 December 2022**



# **Kent Education Partnership (Holdings) Limited**

## **Financial Statements**

**Year ended 31 December 2022**

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# **Kent Education Partnership (Holdings) Limited**

## **Directors' Report**

### **Year ended 31 December 2022**

The directors present their report and the audited financial statements of the group for the year ended 31 December 2022.

#### **Principal activities and business review**

The principal activity of the company is that of a holding company with a single subsidiary, Kent Education Partnership Limited.

The principal activity of the group is the provision of operational and maintenance services for six schools in Kent (Hugh Christie Technology College, The Malling School, Holmesdale Technology College, Aylesford School Sports College, The North School and the Ellington and Hereson School), in accordance with a Project Agreement entered into with Kent County Council.

The schools became fully operational in 2008. The group is currently running the operation and maintenance services for the period to 31 May 2035, providing a full range of facilities management services under a contractual agreement that provides a regular income stream, which is subject to deductions for service shortfalls and the unavailability of the facilities.

The results for the group for the year are shown in the Consolidated Profit and Loss Account and Statement of Comprehensive Income on page 8.

#### **Directors**

The directors who served the company during the year were as follows:

F Schramm  
A Deacon  
A Naafs  
N Woodburn

#### **Dividends paid and payable**

The directors approved and paid dividends of £164,000 (2021: £169,000) during the year. No dividends were declared post year-end.

#### **Donations**

The group and company made no political donations during the year (2021: £nil).

# Kent Education Partnership (Holdings) Limited

## Directors' Report *(continued)*

**Year ended 31 December 2022**

### **Disclosure of information to the auditor**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information.

### **Independent auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Johnston Carmichael LLP will therefore continue in office.

### **Going concern**

The directors have reviewed the group's projected cash flows by reference to a financial model covering accounting periods up to 31 December 2035. The directors have also examined the current status of the group's principal contracts and likely developments for at least 12 months from the date of approval of the financial statements. Having reviewed the available information, the directors consider that the group and company will be able to meet its financial obligations on the due dates for at least 12 months from the date of approval of the financial statements.

### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies within Part 15 of the Companies Act 2006. The directors have taken advantage of the small companies exemptions provided by Sections 415A and 415B of the Companies Act 2006, which includes those in relation to the exemption from certain requirements of the Directors' report and the available exemption to not prepare a Strategic report.

This report was approved by the board of directors on 27/10/2023..... and signed on behalf of the board by:

*Neil Woodburn*

N Woodburn  
Director

Registered office:  
Part First Floor  
1 Grenfell Road  
Maidenhead  
Berkshire  
SL6 1HN

# Kent Education Partnership (Holdings) Limited

## Directors' Responsibilities Statement

**Year ended 31 December 2022**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

This report was approved by the Board of directors on 27.1.06 / 2023..... and signed on behalf of the Board by:

*Neil Woodburn*

N Woodburn  
Director

Registered office:  
Part First Floor  
1 Grenfell Road  
Maidenhead  
Berkshire  
SL6 1HN

# **Kent Education Partnership (Holdings) Limited**

## **Independent Auditor's Report To the Members of Kent Education Partnership (Holdings) Limited**

### **Opinion**

We have audited the financial statements of Kent Education Partnership (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account and Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion the financial statements:

- Give a true and fair view of the state of the group and of the parent company's affairs as at 31 December 2022, and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **Kent Education Partnership (Holdings) Limited**

## **Independent Auditor's Report to the Members of Kent Education Partnership (Holdings) Limited *(continued)***

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The Directors' were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# Kent Education Partnership (Holdings) Limited

## Independent Auditor's Report

To the Members of Kent Education Partnership (Holdings) Limited *(continued)*

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorresponsibilities>. This description forms part of our auditor's report

### *Extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- UK Corporation taxes legislation; and
- UK Generally Accepted Accounting Practice.

We gained an understanding of how the group and parent company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of any relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition



# Kent Education Partnership (Holdings) Limited

## Independent Auditor's Report to the Members of Kent Education Partnership (Holdings) Limited *(continued)*

**Year ended 31 December 2022**

*Extent the audit was considered capable of detecting irregularities, including fraud(continued)*

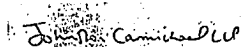
In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the parent company and group's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.
- Completion of appropriate checklists and use of our experience to assess the parent company's and group's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



27 / 06 / 2023

Grant Roger (Senior Statutory Auditor)

For and on behalf of  
Johnston Carmichael LLP  
Statutory Auditor  
7-11 Melville Street  
Edinburgh, EH3 7PE

# Kent Education Partnership (Holdings) Limited

## Consolidated Profit and Loss Account and Statement of Comprehensive Income

Year ended 31 December 2022

	Note	2022 £000	2021 £000
<b>Turnover</b>	<b>4</b>	<b>9,248</b>	<b>7,570</b>
Cost of sales		(8,201)	(6,734)
<b>Gross profit</b>		<b>1,047</b>	<b>836</b>
Administrative expenses		(160)	(153)
<b>Operating profit</b>		<b>887</b>	<b>683</b>
Interest receivable and similar income	7	3,659	3,786
Interest payable and similar expenses	8	(3,994)	(4,155)
<b>Profit before taxation</b>		<b>552</b>	<b>314</b>
Tax on profit	9	(142)	(64)
<b>Profit for the financial year</b>		<b>410</b>	<b>250</b>
Fair value movements on cash flow hedging instruments		11,798	6,287
Tax relating to components of other comprehensive income		(2,950)	(381)
<b>Other comprehensive income for the year</b>		<b>8,848</b>	<b>5,906</b>
<b>Total comprehensive income for the year</b>		<b>9,258</b>	<b>6,156</b>

All the activities of the group are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

# Kent Education Partnership (Holdings) Limited

## Consolidated Balance Sheet

As at 31 December 2022

	Note	2022 £000	2021 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	4,816	4,538
Debtors: amounts falling due after more than one year	12	54,213	60,346
Restricted cash	13	6,090	5,925
Cash at bank and in hand		4,595	4,111
		<u>69,714</u>	<u>74,920</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,709)</u>	<u>(5,159)</u>
<b>Net current assets</b>		<b>67,005</b>	<b>69,761</b>
<b>Total assets less current liabilities</b>		<b>67,005</b>	<b>69,761</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(67,841)</u>	<u>(79,691)</u>
<b>Net liabilities</b>		<u><b>(836)</b></u>	<u><b>(9,930)</b></u>
<b>Capital and reserves</b>			
Called up share capital	18	10	10
Cash flow hedge reserve	19	(1,323)	(10,171)
Profit and loss account	19	477	231
<b>Total equity</b>		<u><b>(836)</b></u>	<u><b>(9,930)</b></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on 27 / 06 / 2023, and are signed on behalf of the board by:

*Neil Woodburn*

N Woodburn  
Director

Company registration number: 05480729

The notes on pages 15 to 26 form part of these financial statements.

# Kent Education Partnership (Holdings) Limited

## Company Balance Sheet

As at 31 December 2022

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Investments	11	10	10
<b>Total assets less current liabilities</b>		<u>10</u>	<u>10</u>
<b>Capital and reserves</b>			
Called up share capital	18	10	10
<b>Total equity</b>		<u>10</u>	<u>10</u>

The profit for the financial year of the parent company was £164,000 (2021: £169,000).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on  
27 / 06 / 2023, and are signed on behalf of the board by:

*Neil Woodburn*

N Woodburn  
Director

Company registration number: 05480729

The notes on pages 14 to 26 form part of these financial statements.

# Kent Education Partnership (Holdings) Limited

## Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Note	Called up share capital £000	Cash flow hedge reserve £000	Profit and loss account £000	Total £000
<b>At 1 January 2021</b>		10	(16,077)	150	(15,917)
Profit for the financial year		–	–	250	250
Other comprehensive income for the year:					
Fair value movements on cash flow hedging instruments		–	6,287	–	6,287
Tax relating to components of other comprehensive income	9	–	(381)	–	(381)
<b>Total comprehensive income for the year</b>		–	5,906	250	6,156
Dividends paid and payable	10	–	–	(169)	(169)
<b>Total investments by and distributions to owners</b>		–	–	(169)	(169)
<b>At 31 December 2021</b>		10	(10,171)	231	(9,930)
Profit for the financial year		–	–	410	410
Other comprehensive income for the year:					
Fair value movements on cash flow hedging instruments		–	11,798	–	11,798
Tax relating to components of other comprehensive income	9	–	(2,950)	–	(2,950)
<b>Total comprehensive income for the year</b>		–	8,848	410	9,258
Dividends paid and payable	10	–	–	(164)	(164)
<b>Total investments by and distributions to owners</b>		–	–	(164)	(164)
<b>At 31 December 2022</b>		10	(1,323)	477	(836)

The notes on pages 14 to 26 form part of these financial statements.

# Kent Education Partnership (Holdings) Limited

## Company Statement of Changes in Equity

Year ended 31 December 2022

	Called up share capital £000	Profit and loss account £000	Total £000
<b>At 1 January 2021</b>	10	–	10
Profit for the financial year		169	169
<b>Total comprehensive income for the year</b>	–	169	169
Dividends paid and payable	<b>10</b>	(169)	(169)
<b>Total investments by and distributions to owners</b>	–	(169)	(169)
<b>At 31 December 2021</b>	10	–	<b>10</b>
Profit for the financial year		164	164
<b>Total comprehensive income for the year</b>	–	164	164
Dividends paid and payable	<b>10</b>	(164)	(164)
<b>Total investments by and distributions to owners</b>	–	(164)	(164)
<b>At 31 December 2022</b>	10	–	<b>10</b>

The notes on pages 14 to 26 form part of these financial statements.

# Kent Education Partnership (Holdings) Limited

## Consolidated Cash Flow Statement

Year ended 31 December 2022

	2022 £000	2021 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	410	250
<i>Adjustments for:</i>		
Interest receivable and similar income	(3,659)	(3,786)
Interest payable and similar expenses	3,994	4,155
Tax on profit	142	64
<i>Changes in:</i>		
Trade and other debtors	2,906	2,783
Trade and other creditors	131	681
Cash generated from operations	3,924	4,147
Interest paid	(3,926)	(4,083)
Interest received	3,659	3,786
Tax paid	(77)	(52)
Net cash from operating activities	3,580	3,798
<b>Cash flows from financing activities</b>		
Repayment of bank loan	(2,735)	(2,691)
Repayment of subordinated debt	(32)	(17)
Dividends paid	(164)	(169)
Net cash used in financing activities	(2,931)	(2,877)
<b>Net increase in cash and cash equivalents</b>	649	921
<b>Cash and cash equivalents at beginning of year</b>	10,036	9,115
<b>Cash and cash equivalents at end of year</b>	10,685	10,036

The notes on pages 14 to 26 form part of these financial statements.

# **Kent Education Partnership (Holdings) Limited**

## **Notes to the Financial Statements**

**Year ended 31 December 2022**

### **1. General information**

The company is a private company limited by shares incorporated in the United Kingdom, which is registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. The company's principal activity is that of a holding company with a single subsidiary, Kent Education Partnership Limited.

### **2. Statement of compliance**

These financial statements were prepared in accordance with Section 1A of the Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006. The presentation currency of these financial statements is Pound Sterling and is rounded to the nearest thousand.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### **3. Summary of significant accounting policies**

#### **Measurement convention**

The financial statements were prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

#### **Going concern**

The directors have reviewed the cash flow forecast and taking into account reasonable possible changes in operations, believe that the group and company will be able to settle liabilities as they fall due for payment for the foreseeable future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

#### **Exemptions for qualifying entities under FRS 102**

The company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes.
- Basic Financial Instruments and Other Financial Issues.

#### **Critical accounting estimates and judgements**

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Certain critical accounting estimates in applying the group's accounting policies are described below:



# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 3. Summary of significant accounting policies *(continued)*

#### Critical accounting estimates and judgements *(continued)*

Accounting for the service concession requires an estimation of service margins which is based on the forecasted results of the PFI contract. Quarterly management accounts are produced, which compare actual financial performance with a detailed financial model. Variances are investigated and consideration given to the impact of any major variances. The financial model is updated on a six-monthly basis, to reflect actual performance to date and accommodate any changes in economic assumptions such as, RPI and the UK corporation tax rate. These processes ensure that the project remains robust and viable throughout the life of the contract.

Interest payable on the senior secured funding is calculated using the effective interest rate method. The effective interest rate calculations are based on LIBOR, under the terms of the funding agreement. The transition to SONIA occurred on 1 June 2022.

#### Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking, Kent Education Partnership Limited. The acquisition method of accounting has been adopted. The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

#### Turnover

Turnover represents the value of services rendered, excluding sales related taxes, and is recognised to the extent that the group obtains the right to consideration in exchange for its performance. During the operational phase, turnover is recognised as contract activity progresses at a mark-up on costs related to the provision of services. In line with FRS 102 23.22(a), the mark-up is calculated based upon the forecast service revenues and costs over the concession period.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is recognised on trading losses carried forward and on the fair value of the swap derivative.

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 3. Summary of significant accounting policies *(continued)*

#### **Taxation (continued)**

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **Investments**

Investments in subsidiary undertakings are stated at cost, less an appropriate provision to reflect any impairment in the value of the investments.

#### **Financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses in the case of trade debtors.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest rate method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and treasury deposits.

#### **Other financial instruments**

##### *Financial instruments not considered to be basic financial instruments (other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 3. Summary of significant accounting policies *(continued)*

#### **Derivative financial instruments and hedging**

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

The group has entered into an interest rate swap and designated these as hedges for highly probable forecast transaction. The effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the Profit and Loss Account immediately.

The transition from LIBOR to SONIA occurred on 1 June 2022.

#### **Finance debtor**

The group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the group under FRS 102 section 34.12C, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the Authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and the finance debtor using an asset specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102 section 23.22(a). The group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

#### **Interest payable**

Interest payable and similar expenses include interest payable on borrowings and associated on-going financing fees. Interest payable is recognised in the Profit and Loss Account, using the effective interest rate method.

#### **Interest receivable**

Interest receivable and similar income include interest receivable on funds invested and interest recognised on the finance debtor based upon the finance debtor accounting policy above.

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 4. Turnover

Turnover arises from:

	2022 £000	2021 £000
Service income	9,248	7,570

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

### 5. Auditor's remuneration

	2022 £000	2021 £000
Fees payable for the audit of the financial statements	16	14

The audit fee in respect of the group was £16,000 (2021: £13,650) of which £3,000 (2021: £3,000) relates to the company. All of these costs have been borne by the subsidiary undertaking.

### 6. Staff costs and directors' remuneration

The group had no employees during the year (2021: nil). No key management personnel received any remuneration during the year (2021: nil). The directors have no contract of service with the group. During the year the group incurred charges of £71,000 (2021: £69,000) from BBGI Management HoldCo S.à r.l. (a direct and wholly owned subsidiary of BBGI Global Infrastructure S.A., which indirectly holds 50% of the share capital in the company) and £71,000 (2021: £69,000) from Infrastructure Investments Holdings Limited (a 50% shareholder in the company), for making available the services of the directors.

### 7. Interest receivable and similar income

	2022 £000	2021 £000
Bank Interest receivable	79	3
Finance debtor interest receivable	3,580	3,783
	3,659	3,786

Interest is imputed on the finance debtor using an asset specific interest rate of 6.30%.

### 8. Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable on bank loan	2,981	3,134
Interest payable on subordinated debt	1,013	1,021
	3,994	4,155

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 9. Tax on profit

#### Major components of tax income

	2022 £000	2021 £000
<b>Current tax:</b>		
UK current tax income	105	77
Adjustments in respect of prior periods	60	(12)
Total current tax	<u>165</u>	<u>65</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(23)	(1)
<b>Tax on profit</b>	<u>142</u>	<u>64</u>

#### Tax recognised as other comprehensive income or equity

The aggregate deferred tax relating to items recognised as other comprehensive income or equity for the year was £(2,950,000) (2021: £(381,000)). The effect of changes in tax rates and laws is £nil (2021: £814,000).

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £000	2021 £000
Profit on ordinary activities before taxation	<u>552</u>	<u>314</u>
Profit on ordinary activities by rate of tax	105	60
Adjustment to tax charge in respect of prior periods	42	(12)
Effect of changes in tax rates	(5)	16
Tax on profit	<u>142</u>	<u>64</u>

#### Tax rate changes

The UK corporation tax rate will increase to 25% from 1 April 2023. This will increase the group's future current tax charge accordingly. Deferred tax at 31 December 2022 has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2022

#### 10. Dividends paid and payable

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2022 £000	2021 £000
Dividends on ordinary shares	164	169

The company made a dividend payment of £164,000 (2021: £169,000) during the year to its shareholders, BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A.) and Infrastructure Investments Holdings Limited (a direct and wholly owned subsidiary of Infrastructure Investments Limited Partnership), in accordance with their shareholdings.

#### 11. Investments

The group has no investments.

Company	Shares in subsidiary undertaking £000
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	10
<b>Accumulated impairment</b>	
At 1 January 2022 and 31 December 2022	-
<b>Carrying amount</b>	
At 31 December 2022	10
At 31 December 2021	10

The company owns 100% of the issued share capital (£10,000) of Kent Education Partnership Limited, which are both registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. The principal activity of Kent Education Partnership Limited is the provision of operational and maintenance services for six schools in Kent.

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 12. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade debtors	1,582	1,467	-	-
Prepayments and accrued income	61	96	-	-
Finance debtor	3,173	2,975	-	-
	<u>4,816</u>	<u>4,538</u>	<u>-</u>	<u>-</u>

Debtors falling due after more than one year are as follows:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Deferred tax asset	441	3,390	-	-
Finance debtor	53,772	56,956	-	-
	<u>54,213</u>	<u>60,346</u>	<u>-</u>	<u>-</u>

### 13. Restricted cash

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Restricted cash	<u>6,090</u>	<u>5,925</u>	<u>-</u>	<u>-</u>

The group is a party to a 30-year PFI agreement entered into on 7 October 2005. In order to fulfil its obligations under the PFI agreement the group has granted a long term without recourse contract to a specialist FM Contracting provider. The group is obligated to keep a separate cash reserve in respect of future lifecycle costs. This restricted cash balance amounts to £3,100,000 at the year-end (2021: £2,912,000). Included in this balance is an amount of deferred lifecycle costs of £850,000 at year-end (2021: £777,000). The liability to the subcontractor is recognised within the financial model, which includes all of the forecast revenues and costs for the project, but it is not currently accrued in the accounts. It will be recognised in the accounts of the period when the works are completed.

The group is also required to keep a debt service reserve account in accordance with the funding documents. This restricted cash balance amounts to £2,848,000 (2021: £2,872,000).

The group is also required to keep a pensions reserve account in relation to employees who became active members of the Kent County Council Superannuation Pension Fund, and who remain employed in connection with the services or part of the services provided by the FM Contractor. This restricted cash balance amounts to £142,000 (2021: £141,000).

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2022

### 14. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	845	559	–	–
Accruals and deferred income	626	600	–	–
Corporation tax	122	77	–	–
Other taxation and social security	342	413	–	–
Bank loan	246	2,934	–	–
Subordinated debt (including accrued interest)	528	576	–	–
	<u>2,709</u>	<u>5,159</u>	<u>–</u>	<u>–</u>

### 15. Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank loan	50,061	50,058	–	–
Subordinated debt	10,791	10,756	–	–
Deferred tax liability	45	68	–	–
Derivative financial liability	1,762	13,560	–	–
Accruals and deferred income	5,182	5,249	–	–
	<u>67,841</u>	<u>79,691</u>	<u>–</u>	<u>–</u>

Included within Bank loan is an amount repayable after five years of £34,765,000 (2021: £38,281,000) and included within subordinated debt are amounts repayable after five years of £10,336,000 (2021: £10,417,000).

Bank loan relates to senior secured funding granted by a consortium of banks led by Sumitomo Mitsui Banking Corporation Europe Limited. The senior loan facility is for a total value of £88,558,000.

The senior loan facility consists of a term loan facility of £88,558,000 which is repayable in 53, six-monthly instalments ending 31 May 2034. As at 31 December 2022, the term loan includes an outstanding loan facility of £50,367,000 (2021: £53,102,000) and an effective interest rate adjustment of £(356,000) (2021: £(362,000)) in relation to the term loan facility. Interest is charged on amounts drawn under the facility at SONIA + 0.80%. At the year-end, interest payable on the term loan facility was £181,000 (2021: £52,000). The senior loan facility is secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the group and by a floating charge over the group's undertakings and assets.

The group has entered into swap arrangements with Sumitomo Mitsui Banking Corporation Europe Limited and NIBC Bank N.V. in order to fix the base interest rate (SONIA) at 4.67% on the term loan facility to 2034. At the year-end, interest payable on the swap facilities was £115,000 (2021: £200,000).



# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2022

#### 15. Creditors: amounts falling due after more than one year *(continued)*

Subordinated debt of £8,617,000 (2021: £8,633,000) includes an unsecured loan facility of £7,917,000 (2021: £7,949,000) due to BBGI Investments S.C.A. and Infrastructure Investments Limited Partnership, and an effective interest rate adjustment of £138,000 (2021: £120,000) in relation to the subordinated loan facility. The subordinated loan facility bears interest at a fixed rate of 12.1% and is fully repayable by 2034. At the year-end, interest payable on the subordinated loan facility was £562,000 (2021: £564,000).

Subordinated debt of £2,702,000 (2021: £2,695,000) includes an unsecured loan facility of £2,626,000 (2021: £2,626,000) due to BBGI Investments S.C.A., and an effective interest rate adjustment of £56,000 (2021: £53,000) in relation to the subordinated loan facility. The subordinated loan facility bears interest at a fixed rate of £25,000 (indexed) per annum and is fully repayable by 2034. At the year-end, interest payable on the subordinated loan facility was £20,000 (2021: £20,000).

#### 16. Deferred tax

The deferred tax included in the company balance sheet is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Included in debtors (note 12)	<u>441</u>	<u>3,390</u>	<u>-</u>	<u>-</u>

The deferred tax liability included in the group balance sheet is as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Deferred tax in relation to the effective interest rate adjustment (note 15)	<u>45</u>	<u>68</u>

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 17. Financial instruments

The carrying amount for each category of financial instrument is as follows:

#### Financial liabilities measured at fair value through profit or loss

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Interest rate swap	(1,762)	(13,560)	–	–

#### (b) Financial instruments measured at fair value

##### *Derivative financial instruments*

Market values have been used to determine the fair value of the swap arrangement.

#### (c) Hedge accounting

The following table indicates the periods in which the cash flows associated with the cash flow hedging instrument are expected to occur as required by FRS102.29(a) for the cash flow hedge accounting models and also the associated cash flow hedging instruments are expected to affect profit and loss:

	Carrying Amount £000	Within 1 year £000	Between 1-2 years £000	Between 2-5 years £000	5 years and over £000
31 December 2022					
Interest rate swap	(1,762)	(1,874)	(1,913)	(4,989)	7,014
31 December 2021					
Interest rate swap	(13,560)	(2,154)	(2,042)	(5,408)	(7,182)

The group has entered into an interest rate swap agreement under the bank loan in order to fix the base interest rate (SONIA) at 4.67% on the facilities to 2034. At the year-end all the group's floating rate borrowings were at fixed rates after taking account of interest rate swaps. The transition to SONIA is still on-going. There is no expected financial impact on the group.

#### (d) Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	2022	2021
	£000	£000
Interest rate swap	(1,762)	(13,560)

### 18. Called up share capital

#### Issued, called up and fully paid

	2022		2021	
	No.	£000	No.	£000
Ordinary shares of £1 each	10,000	10	10,000	10

# Kent Education Partnership (Holdings) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

### 19. Reserves

#### *Cash flow hedge reserve*

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

### 20. Analysis of changes in net debt

	At 1 Jan 2022 £000	Cash flows £000	Other changes £000	At 31 Dec 2022 £000
Cash at bank and in hand	10,036	649	-	10,685
Debt due within one year	(3,510)	2,735	1	(774)
Debt due after more than one year	(60,814)	32	(70)	(60,852)
	<u>(54,288)</u>	<u>3,416</u>	<u>(69)</u>	<u>(50,941)</u>

### 21. Related parties

#### Group

During the year the group entered into the following transactions with related parties:

	Transactions with related parties		Payable to related parties	
	2022 £000	2021 £000	2022 £000	2021 £000
BBGI Management HoldCo S.à r.l.	71	69	18	-
BBGI Investments S.C.A.	525	527	7,011	7,015
Infrastructure Investments Holdings Limited	71	69	37	40
Infrastructure Investments Limited Partnership	488	493	4,308	4,317

The group incurred directors' fees of £71,000 (2021: £69,000) from BBGI Management HoldCo S.à r.l. (a direct and wholly owned subsidiary of BBGI Global Infrastructure S.A.). At the year-end there was £18,000 (2021: £nil) payable to BBGI Management HoldCo S.à r.l. in respect of directors' fees.

The group incurred interest of £525,000 (2021: £527,000) on the subordinated loan facility payable to BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A.). At the year-end there was £7,011,000 (2021: £7,015,000) payable to BBGI Investments S.C.A. in respect of the subordinated loan facility.

The group incurred directors' fees of £71,000 (2021: £69,000) from Infrastructure Investments Holdings Limited (a direct and wholly owned subsidiary of Infrastructure Investments Limited Partnership). At the year-end there was £37,000 (2021: £40,000) payable to Infrastructure Investments Holdings Limited in respect of directors' fees.

The group incurred interest of £488,000 (2021: £493,000) on the subordinated loan facility payable to Infrastructure Investments Limited Partnership (wholly owned by HICL Infrastructure Company Limited). At the year-end there was £4,308,000 (2021: £4,317,000) payable to Infrastructure Investments Limited Partnership in respect of the subordinated loan facility.

# **Kent Education Partnership (Holdings) Limited**

## **Notes to the Financial Statements *(continued)***

### **Year ended 31 December 2022**

#### **22. Parent undertaking**

At 31 December 2022 and 31 December 2021, 50% of the share capital in the immediate parent undertaking was held by BBGI Investments S.C.A. (an indirect and wholly owned subsidiary of BBGI Global Infrastructure S.A.), with the remaining 50% held by Infrastructure Investments Holdings Limited (a direct and wholly owned subsidiary of Infrastructure Investments Limited Partnership).

BBGI Global Infrastructure S.A. is a Luxembourg investment company, listed on the London Stock Exchange.

HICL Infrastructure Plc is registered in England and Wales, and is listed on the London Stock Exchange. The financial statements of HICL Infrastructure Plc are available to the public and may be obtained from Companies House.

The largest group in which the results of the company are consolidated is that headed by Kent Education Partnership (Holdings) Limited, registered and domiciled in the United Kingdom at Part First Floor, 1 Grenfell Road, Maidenhead, Berkshire, SL6 1HN. Copies of Kent Education Partnership (Holdings) Limited financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.